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United Nations Children's Fund biennial support budget for 2004-2005 and supplementary support budget for 2002-2003

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Executive Director of the United Nations Children's Fund (UNICEF) on the biennial support budget for 2004-2005 (E/ICEF/2003/AB/L.14) and supplementary support budget for 2002-2003 (E/ICEF/2003/AB/L.13). During its consideration of the item, the Committee met with representatives of the Executive Director, who provided additional information.

Format and presentation

2. The Advisory Committee notes the improvements made in the overall presentation of the budget document in response to its prior recommendations (see E/ICEF/2001/AB/L.11, paras. 2-3). The Committee recalls that it recommended that information be provided on progress in developing better tools for measuring performance and expected results for which the UNICEF administration would be held accountable (E/ICEF/2001/AB/L.11, para. 4). The Committee exchanged views with the Executive Director on the programme implementation and results achieved in 2002 (E/ICEF/2002/4 (Part II)). The Committee notes the progress on reporting on the basis of results achieved in 2002 through the development of a set of baseline indicators against which progress can be measured. The Committee was informed that further to this, UNICEF has provided detailed guidance and learning materials in 2003 to staff on results-oriented programme planning and management. Annual reporting on results and key management indicators is being systematized through

* E/ICEF/2003/14.

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the country office annual reports. Progress on the subject will be reported in the next biennial budget proposal.

3. The Advisory Committee trusts that further improvements will be made with regard to programme performance measurement and in the presentation of indicators of achievement. In the Committee's opinion, the results-based presentation of UNICEF programmes should be more specific, making clear to what extent key results achieved contributed to the attainment of the objectives and expected accomplishments, such as the priorities indicated in the UNICEF medium-term strategic plan.

4. The Committee is aware that the implementation of results-based budgeting is in its early stages at UNICEF, as in other organizations of the United Nations system, and that refinements will be introduced as further experience is gained in performance measurement and application of results-based management methodologies. In this connection, the Committee recommends that UNICEF maintain close collaboration with other funds and programmes that have introduced results-based management systems (see, for example, document DP/2003/28, paras. 22-23), with the objective of using common terminology (see also para. 18 below). Terminology used by UNICEF should be included in future budget presentation in the annex on definitions.

5. The organization chart of UNICEF in document E/ICEF/2003/AB/L.14 shows major organizational units at headquarters and in the field for 2004-2005. The Committee requests that in the future, at the time of its examination of the estimates, it should be provided with an organizational chart that includes the number of posts in each unit at headquarters.

Resources

6. The Advisory Committee notes the positive income projections for UNICEF for the biennium 2004-2005. As shown in table 1 of document E/ICEF/2003/AB/L.14, for the biennium 2004-2005 total projected resources (including an opening balance of $707 million) would amount to $4,082.1 million, an increase of 21.8 per cent, as compared with total planned resources of $3,351.8 million for the biennium 2002-2003. For 2004-2005, total regular resources are projected at $1,584.2 million, a 26-per-cent increase, as compared with planned total regular resources of $1,257.2 million for 2002-2003. Other resources are projected at $2,209.0 million for 2004-2005, as compared with other resources of $1,607.0 million for 2002-2003, or 37.5 per cent higher, and total trust funds are projected at $288.9 million, as compared with trust funds of $487.6 million, showing a decrease of 40.7 per cent, for 2002-2003.

7. The Advisory Committee was informed that income from the private sector, projected at $901 million for 2004-2005 ($480 million for 2004 and $421 million for 2005), as compared with $805.0 million for 2002-2003 (see E/ICEF/2003/AB/L.14, table 1 and annex IV), would be revised upwards to $1,040 million ($536 million for 2004 and $504 million for 2005).

8. Table 2 of the budget document shows the revised resource projections for 2002-2003, as compared with the resources initially planned for 2002-2003. Regular resources would increase 15 per cent, from $1,173.0 million planned for 2002-2003 (adjusted by excluding the opening balance of $100.0 million and adding the

adjustment for taxes of $15.8 million, as indicated in the footnote to table 2) to a revised projection of $1,349 million. Other resources (excluding trust funds) would increase 23.0 per cent, from $1,220 million planned for 2002-2003 to a revised projection of $1,505 million.

II. Biennial support budget estimates for 2004-2005

9. For 2004-2005, the biennial budget estimates funded under regular resources amount to $684.9 million gross ($528.5 million net), as compared to $566.2 million gross ($477.9 million net) for 2002-2003 (E/ICEF/2003/AB/L.14, table 1). The gross proposed budget for 2004-2005 shows an increase of $118.7 million, comprising a volume increase of $45.0 million and a cost increase of $73.7 million. Main areas of increase/decrease are discussed in the summary of the proposals in paragraphs 34-37 and reflected in table 3 of the budget document.

10. Estimated income and adjustments to the 2004-2005 biennial support budget amount to $156.4 million (including $129.6 million from recovery charges), as compared to estimated income to the 2002-2003 biennial support budget of $88.3 million (including income from recovery charges of $61.5 million). Recovery charges are to cover the costs for programme support and management and administration. The methodology upon which the recovery charges are currently based is discussed briefly in paragraph 5 and recapped in annex VI to document E/ICEF/2003/AB/L.14. The Committee notes that an average recovery rate of 8 per cent is used to estimate the other resources recovery income. The Committee was informed that the revised recovery policy approved by the Executive Board in decision 2003/9 would be reviewed at the end of the biennium 2004-2005.

11. The total number of posts proposed under the support budget for 2004-2005 is 2,717 (930 international Professionals, 258 national Professionals and 1,529 General Service and other categories of staff), as compared with the authorized staffing for 2002-2003 of 2,523 posts (859 international Professionals, 243 national Professionals and 1,421 General Service and other categories of staff). Thus, for 2004-2005, the number of posts under the support budget would increase by 194 posts (71 international Professionals, 15 national Professional and 108 General Service and other categories of staff). The Committee notes that the additional posts include conversions from temporary assistance and from programme funds to established posts in the support budget (see E/ICEF/2003/AB/L.14, paras. 22, 39, table 6 and summary table IV). The Committee was provided with detailed information on post changes in the field and at headquarters. The Committee observes that the largest increases in posts for 2004-2005 under all sources of funds are for new international Professionals at the P-5 and P-4 levels (23 and 20 additional posts, respectively), while at the P-3, P-2/1 and national Professional levels the increases are comparatively lower (7, 14 and 13 additional posts, respectively) (see E/ICEF/2003/AB/L.14, summary table V). In the view of the Committee, there is a need to strengthen the UNICEF programme for young international Professionals and increase their recruitment. The Committee also recommends further cooperation and sharing of experiences in this regard with other funds and programmes that have established similar young professional programmes (see, for example, document DP/2001/24, para. 27).

12. Summary table IV of the budget document shows the total post reclassifications (net) proposed for 2004-2005. As indicated in paragraph 39 of document E/ICEF/2003/AB/L.14, for the current biennium, the Executive Director has made changes in post levels up to the P-5 level with necessary offsets within the total appropriation, as per authority delegated by the Executive Board. The Advisory Committee was provided with information on the proposed upgrades to the D-1 and D-2 level at headquarters and in the field. For headquarters, the Executive Director proposes the reclassification of the posts of Director and Chief of Staff of the Office of the Executive Director and of the posts of Director, Office of Public Partnership from the P-5 to the D-1 level; for the field, the proposals include the post reclassification of the Representatives in Afghanistan and in the Democratic Republic of the Congo from the D-1 to the D-2 level and the reclassification of the Representatives in Iraq, Niger, the Occupied Palestinian Territory and South Africa from the P-5 to the D-1 level. The Advisory Committee has expressed concern in the past about proposals for upward reclassification of post of funds and programmes of the United Nations, particularly to the D-1 and D-2 levels, stating that they must be as the result of significant changes in the level and scope of responsibility of the posts. The Committee recommends that the Executive Board should bear this in mind during its review of the UNICEF proposals for upward reclassifications of posts to the D-1 and D-2 levels at headquarters and in the field.

Security and emergency preparedness

13. For the biennium 2004-2005, the UNICEF biennial support budget includes a volume increase of $14.0 million ($8.1 million for the field operations and $5.9 million at headquarters) for security and emergency preparedness (see E/ICEF/2003/AB/L.14, paras. 12-17 and table 3, item III.1 (a)). UNICEF participates in cost-sharing for the Office of the United Nations Security Coordinator (UNSECOORD). An increase of $3.0 million in cost-sharing to $9.7 million has been included. The Committee notes that UNICEF emergency operations centre, which has been partially staffed by temporary assistance funded from other resources, would be funded from the support budget in 2004-2005. A provision of $0.9 million has been included under the support budget for this purpose. Upon enquiry, the Committee was informed that UNICEF emergency operations centre would continued to function as a back-up support for the operations centre of the United Nations Secretariat.

14. The Executive Director is exceptionally requesting that the Executive Board grant her the authority to spend up to $14 million in additional funding for security-related emergencies, if needed, after first utilizing the provision for security and emergency preparedness under the support budget (E/ICEF/2003/AB/L.14, para. 18). The Committee notes that additional security-related requirements may arise in connection with various security-related costs, such as emergency movement of personnel and offices, blast mitigation and preventive measures to diminish possible acts of terrorism, additional field security officers and security guards and strengthening of premises access. UNICEF plans to continue to work closely with UNSECOORD to assess and review these requirements. The Committee endorses the request of the Executive Director.

United Nations reform and programme results

15. The Advisory Committee notes from paragraph 19 of the budget document that UNICEF continues to participate with other funds and programmes of the United Nations in the inter-agency simplification and harmonization exercise coordinated by the United Nations Development Group. For the initiatives discussed in paragraphs 19-23 of document E/ICEF/2003/AB/L.24, under the heading "United Nations reform and programme results", the Executive Director requests a total of $14.8 million ($13.4 million for the field and $1.4 million for headquarters) (E/ICEF/2003/AB/L.14, para. 24 and table 3). Upon request, the Committee was provided with a summary of progress in the harmonization of programming processes (see annex I to this report).

Training

16. For the learning/training activities mentioned in paragraph 26 of the budget document, the Executive Director proposes an allocation of $7.0 million ($4.16 million for the field and $2.84 million for headquarters), reflecting an increase of $1.0 million, as compared with the training budget approved for the current biennium of $6.0 million. The Committee notes that the learning/training priorities would focus on functional/substantive areas, and on those that would be used or developed to support them, as well as the career development of staff. Upon request, the Committee was provided with a cost breakdown of the proposed training budget for 2004-2005 (see annex II to this report).

Information technology

17. The Executive Director's proposals for information technology (IT) requirements for 2004-2005 are addressed in paragraphs 76-79 of the budget document. The estimated distribution of IT requirements for 2004-2005 amounts to $71.6 million, as compared with $50.0 million for the current biennium, or 43.2 per cent higher. Recurrent costs would amount to $49.9 million and include only cost increases and maintenance of investment projects approved for 2002-2003. In addition, a one-time investment of $19.4 million is proposed for 2004-2005 for development of major systems (see E/ICEF/2003/AB/L.14, tables 7 and 8).

18. The Advisory Committee notes the information provided on UNICEF major systems for headquarters and field offices (E/ICEF/2003/AB/L.14, paras. 30-33). The Committee was provided with a summary of main IT activities completed in 2002-2003 and planned for 2004-2005 and beyond (see annex III to this report). The Committee is not convinced that these systems would provide the IT support needed for the development of a result-based management framework at UNICEF. Moreover, the Committee is concerned with the rapid escalation of IT costs at UNICEF, projected at $71.6 million for 2004-2005, as compared with IT budgets of other United Nations funds and programmes (see, for example, document DP/2003/29, para. 18). The Committee is aware that other funds and programmes have been cooperating in joint implementation of enterprise resource planning (ERP) systems in support of the organizations' results-based management frameworks. The roll-out of ERP systems is providing opportunities to these organizations for deepening collaboration and harmonization, while economies have been realized by splitting costs among the participants based on projected usage and each organization's staff and support budget amounts (see, for example, document

DP/2003/28, paras. 97, 127 and 134). The Committee recommends that UNICEF explore further areas of IT collaboration with other funds and programmes, particularly in IT systems geared to supporting results-based management frameworks.

III. Supplementary support budget for 2002-2003

19. The Executive Director recommends that the Executive Board approve a supplementary budget appropriation of $8.0 million to cover salary increases and additional requirements in security for 2002-2003. Paragraphs 1-3 of document E/ICEF/2003/AB/L.13 explain in some detail the reasons for these increases.

20. In decision 2001/13 (E/ICEF/2001/6), the Executive Board approved a support budget of $566,169,000 gross ($477,869,000 net), with the estimated income to the budget of $88,300,000. The increased expenditures from other resources in 2002 has brought about an increased recovery income for the support budget of $2.9 million; moreover, due to the revised recovery policy (see para. 10 above), UNICEF expects to realized a further increase of recovery income of $5.1 million in 2003. The estimated increase of income to the support budget, totalling $8.0 million for 2002-2003, would offset the increase of $8.0 million requested by the Executive Director for the support budget for 2002-2003 (E/ICEF/2003/AB/L.13, para. 4).

21. The Advisory Committee recommends that the Executive Board approve the request of the Executive Director.

Annex I

Summary of progress in the harmonization of programming processes

Once each programming cycle	*Status*
Tool/process	
Analysis (Common Country Assessment)	Completed
Linking UN support to national priorities, including PRSP (UNDAF)	Completed
Partners analyse together, agree on roles, responsibilities (Results Matrix)	Completed
Country Programme Document (CPD)	
sets out strategic results	Completed
Country Programme Action Plan (CPAP)	
set out more detailed results and management/legal agreements	Completed
Joint Strategy Meeting (JSM)	Completed
UNDAF Monitoring/Evaluation Plan (M&E)	Completed
Annual tools/processes	
Annual Work Plan/Budget (APP)	Completed
Standard Progress (donor) Report (SPR)	Completed
Others	
Resource Transfer Modalities (RTM)	Work in progress
Joint Programming (JP)	Work in progress

Annex II

Global learning budget: 2004-05 proposed budget

Learning activity	Total 2004-2005	Description
1. Global and Headquarters learning		
1.1 Divisional Allotments & IT Global technical training	680 000	Supports headquarters (NYHQ, Geneva, Copenhagen) divisional group and individual learning needs.
1.2 Computer Training: NYHQ staff in IT skills	200 000	Supports on-going IT training for NYHQ staff in standard UNICEF applications.
1.3 Study leave/external leave	300 000	Supports external study leave for staff globally.
1.4 External language training	150 000	Supports language immersion training for staff on rotation/transfer. Supports distance language learning in English. Propose expansion of programme to include Spanish and French.
1.5 Interagency training	100 000	Supports activities under CCA/UNDAF and the Resident Coordinator System, including the costs of UNICEF candidates for Resident Coordinator assessment.
1.6 Emergencies	150 000	Supports emergency learning activities. In 2002-03, funding for emergency learning activities were DFID-funded through end 2003. Funding for emergency learning will be a continuing need in 2004-05.
1.7 Development & production of learning materials & Training of Trainers	180 000	Supports the design, development, production and distribution of new CD-based learning (Orientation and Induction, Programme Policy and Planning, Emergency). Also supports Training of Trainers at the global level.
1.8 Translation of learning materials	120 000	Supports translation of newly developed PPP, Orientation and Induction and Emergency learning manuals into French and Spanish.
1.9 Leadership and management workshops	560 000	Supports global management and leadership workshops (Senior Programme Officer - Operation Officers, Women as Leaders, Senior Leaders, JPO and Young Professional Programme).
1.10 Upgrading skills of NYHQ staff & Orientation of NYHQ staff	100 000	Supports soft skills training for staff at NYHQ and orientation & induction sessions for new staff arrivals.
1.11 e-Learning, distance learning & other new approaches	200 000	Support the design and development of on-line soft skills training for all staff as well as expand existing core training packages into distance and e-learning modules in order to increase access of staff to these trainings as well as strengthen the effectiveness of training.
1.12 Learning elements of HR transformation plan	100 000	In 2004-05, support will focus in the following areas: - Support for region-wide induction tours for new externally recruited Representatives (approx. 5 Representatives per year); - Support for a mentoring and coaching programme and the development of a Performance Management System; and - Promotion/expansion of learning/training elements of the career development programme.
Sub-total Global and Headquarters learning	**2 840 000**	
2. Regional and Country Learning		
2.1 Regional offices	2 920 000	Regional allocation to support an average of 5 workshops per year per region.
2.2 Country offices	1 240 000	Country allocations to support group and individual learning at country office level.
Sub-total Region and Country	**4 160 000**	
TOTAL	**7 000 000**	

Annex III

Main information technology activities completed in 2002-2003 and planned for 2004-2005 and 2006 and beyond

		Future	
Activity	*Completed 2002-2003*	*Budgeted in 2004-2005*	*2006 and beyond*
Programme Manager System (ProMS)	ProMS enhancements rolled out in all field locations Personnel and Payroll system rolled out in all field locations Upgraded all databases Systems integrated	Ongoing maintenance and enhancements Add functionality and align new developments in FLS Modify interfaces to maintain alignment with new developments	As will be defined during internal reviews of strategic options as a part of the budget process.
Financial and Logistics System (FLS)	Upgraded to most current version: 4.7 Ongoing maintenance Minimised technical enhancements Incorporated Treasury function into FLS Strengthened reporting platform (using Cognos)	Incorporation of additional functionality: including – Contribution management through the Grants Module – Division of Communication warehouse and inventory management – Modernise budget control functionality – Centralised bank control management – Pilot workflow for Supply Division Enhance analytical management reports and web based reporting services (Cognos)	As will be defined during internal reviews of strategic options as a part of the budget process.
Development Information System (DevInfo.)	Institutional/technical assessment Adopted Dev Info as an evolution of Child Info as a corporate tool for all UNICEF field offices and the United Nations country teams	Provision of a tool for improved M&E Roll-out, implementation and support to all UNICEF locations Foster inter-agency collaboration.	As will be defined during internal reviews of strategic options as a part of the budget process.
Archiving of applications	Researched business rules Acquiring infrastructure to initiate implementation	Complete implementation Ongoing maintenance	As will be defined during internal reviews of strategic options as a part of the budget process.
Integrated Management Information System/Human Resources (IMIS/HR) SAP-HR	IMIS payroll implemented Planned move from IMIS to SAP-HR underway Developed functionality to support HR and payroll for HQ locations and international staff.	Implement SAP-HR Implement HR and payroll function Ongoing maintenance	As will be defined during internal reviews of strategic options as a part of the budget process.

Activity	*Completed 2002-2003*	*Future*	
		Budgeted in 2004-2005	*2006 and beyond*
Internet and Intranet (and Extranet)	Development of regional and country office intranets Functional extensions for enhanced project management Continued support to extranets for National committees	Upgrade to current Domino version Continued extensions of intranets Implementation of database templates	As will be defined during internal reviews of strategic options as a part of the budget process.
Customer and end-user support	Global service centre supported by enterprise management (EM) processes and tools	Refinement/consolidation of unified service centres Consolidation of Information Technology Infrastructure Library concepts, training and roles throughout global operations	As will be defined during internal reviews of strategic options as a part of the budget process.
Global network connectivity	UNICEF Global IP network established 77% of locations connected Implemented bandwidth management on network links Implemented Voice over IP in 40% of offices Emergency telecommunications mainstreamed	Sustaining global network connectivity keeping apace with technology Implement backup connectivity in Field Offices Link remaining countries into global IP network Complete implementation bandwidth management Complete implementation of Voice over IP Continue supporting emergency preparedness and response; and inter agency collaboration	As will be defined during internal reviews of strategic options as a part of the budget process.
Information technology security and disaster recovery	IT Security unit established Organisational security policy and electronic code of conduct under final approval Enhancement global security architecture	Implement wider business continuity planning process Implement global security framework Enhance secure connectivity	As will be defined during internal reviews of strategic options as a part of the budget process.
Infrastructure and Enterprise Management	Implementation of Phase II: rolled out EM to all field locations for infrastructure monitoring and operation	Extend implementation of EM Investment in infrastructure upgrades.	As will be defined during internal reviews of strategic options as a part of the budget process.

Annex IV

Status of IT new investments, 2004-2005

(In thousands of United States dollars)

Projects	Activities	Time frame (months)	Cost Distribution: Personnel (Training & Other Staff Costs)	Software & hardware	Service contracts	Miscellaneous operating expenses	Total Amount
I. Application systems integration							
(1. Programme Manager, Systems/Systems integration)	improvements in integration and implementation	24			902.0	20.0	922.0
(2. Financial and Logistics System (FLS))	Grants Module and Budget Control System and other enhancements to improve work processes using FLS	24	361.5	542.0	2 781.5	39.0	3 684.0
(3. SAP HR/MIS)	Replacement of IMIS/HR	24	1 085.0	1 255.0	3 430.0	30.0	5 800.0
(4. Reporting)	improvements in web reporting and infrastructure	24	129.0	920.0	1 998.0	99.0	2 660.0
	Total		1 665.5	2 767.0	9 609.5	174.0	13 166.0
II. Disaster Recovery							
(1. Business continuity)	investments in more resilient infrastructure to withstand some level of damage or the inability to operate facilities due to some form of disaster	24	840.0	910.0	1 210.0	40.0	3 000.0
	Total		840.0	910.0	1 210.0	40.0	3 000.0
III. Infrastructure and Connectivity							
(1. Infrastructure and Enterprise Management)	Rearchitecture of field office infrastructure, increase in current Storage Area Network capacity, upgrade of enterprise platforms for transitioning to new Windows versions, and necessary upgrade in Cost-to-Bill upon messaging	24	911.5	962.5	295.0	35.0	2 204.0
(2. Internet Usage for field offices)	Deployment of organizational Internet solution to all field offices	24	929.0	949.0	920.0	0.0	1 000.0
	Total		1 840.5	1 947.0	1 215.0	35.0	3 204.0
Subtotal			3 547.0	5 124.5	10 479.5	219.0	19 370.0
Less: PSD reimbursement							-484.7
Grand total							18 885.3

All projects have a time frame of 24 months. Upon completion, maintenance costs for the respective projects will be incorporated in the recurrent budget of ITD. The Business continuity project will have a project extension, which needs to be submitted for approval in the next biennium.